

23 May 1963

## MEMORANDUM FOR THE RECORD

SUBJECT: Cuban Sugar Production Estimates

1. In 1962, the Cuban sugar mills ground on later than usual, but the last of them finally halted in early July, bringing a close to the sugar harvest season. Figures on the total crop were announced on 9 July. A total of 4.815 million metric tons were produced last season.

2. The 1963 crop will probably fall somewhere between 3.4 and 3.7 million tons.

A few weeks still remained of the harvest season, depending on the extent of heavy rains, which have already been reported in some areas.

3. There are several ways to estimate total production at a point still somewhat before the end of the season.

a. The simplest method is to assume that production is proceeding at the same rate as last year. On 1 May 1962, about 4 million tons of the 4.8 million final figure had been produced, and another 20% was added between 1 May and early July. At the same date this year, only 3.1 million tons had been produced. Assuming that the 3.1 million tons were increased by the 20% which Raul Castro claimed on 1 May still remained "to be collected", this year's final crop would be about 3.7 million tons.

This method, which was used in certain estimates of the Department of Agriculture, has several weaknesses. Chief among them is the uncertainty of the onslaught of heavy rains, after which harvesting has to stop. Heavy rains this year had already begun in some parts of Cuba by 20 May, while on the other hand, the rains were unusually late in starting last year. Furthermore, greater efforts to achieve an early harvest were organized this year. It seems likely, therefore, that there was less than 20% additional still collectible on 1 May.

b. Another method--one favored by ORR--is to apply a probable extraction rate to the whole cane crop as "estimated standing" for harvesting quota purposes by the Cuban government. The Cuban government announced that some 36 million tons of cane were standing in the fields at the beginning of this season. This figure was to be used as a guide for setting detailed quotas for harvesting targets, on which incentive bonuses were to be based.

Application of an average annual Cuban extraction rate of 12.5% to the 36 million tons quota figure results in a maximum estimate of sugar production of 4.5 million tons. The extraction rate this year is reported to have been considerably lower, however, because this was a much wetter growing season than average--leading to lusher growth with a reduced sugar content. Up to the end of March the extraction rate was only 11.2 percent. This rate usually goes up slightly in April. Figuring at an annual average rate of 11.5 percent, the crop this year would be about 4.15 million tons. But this method is completely dependent on assuming the validity of Cuban announcement of standing cane at the beginning of the harvest. As stated above, the figures were essentially only quota guides; and there is no reason to suppose they were not consciously inflated--i.e., set approximately equal to last year's level.

4. Neither of these methods takes into consideration such important changed factors as: the damage caused the cane root stock by many of last year's unskilled canecutters; the fact, admitted by Cuban leaders, that this year's much-touted canecutting machines wasted some of the cane; the increasing general apathy and poor morale of many canecutters; current damage caused by insects; breakdowns in the mills; and increased sabotage. Reports of these difficulties have been so persistent during the past months that a 4 million ton level should now be regarded at best as a maximum figure.

5. Direct estimates of the total current production expected have come from many sources claiming a first-hand knowledge of the crop. Most of these--being either sugar brokers or refugees--may be suspect because of their special biases or personal interests in underestimating Cuban production. There have been other direct estimates, however, which appear to have considerable validity. Three off-the-record estimates of this year's crop by Carlos Rafael Rodriguez, Cuban agricultural chief,

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have been reported

Two of these assert that total production will be 3.5 million tons. The other

was 4.0 million tons.

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6. The progress of current harvesting as announced as well as the total evidence that operations are drawing to a close, seem to confirm these earlier Cuban estimates, and suggest strongly that the final figure will fall below 4.0 million tons of sugar in 1963.

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7. OGI has for the past many weeks consistently estimated that the crop would fall below 4.0 million; OMR, on the other hand has grudgingly lowered its estimate from 4.5 to 4.2 and recently to 4.0.

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